

D.C. Lottery and Charitable Games Control Board

Description	FY 2002 Approved	FY 2003 Proposed	% Change
Operating Budget	\$229,688,416	\$232,880,557	1.4

The mission of the D.C. Lottery and Charitable Games Control Board (DCLB) is to regulate charitable games and generate revenue for the District government's General Fund through the sale of lottery opportunities to District residents and visitors to the District.

The mission also includes maximizing lottery sales and profits, and protecting the public against fraud and deception through effective management and regulation of lottery and charitable gaming activities.

The agency plans to fulfill its mission by achieving the following strategic result goals:

- Expanding the marketplace by adding new agents, launching on-line games and enhancing the existing game portfolio.
- Providing gaming and other lottery information through the circulation of *Lotto People* at agent locations and the dynamic corporate website.

- Implementing a comprehensive disaster/business recovery plan, and installing an updated fire alarm system.
- Implementing an imaging system and converting to automated systems.
- Meeting with Advisory Neighborhood Commissioners, and other grassroots organizations, and conducting charitable gaming workshops for nonprofit organizations.

Did you know...

Amount of Commissions paid to agents in FY 2001	\$12,500,000
Amount paid out for Lottery prizes in FY 2001 prizes	\$113,000,000
Agent newsletters in FY 2001	4
Revenue deposited in the General Fund in FY 2001 *	\$84,000,000

* The FY 2001 transfer to the General Fund exceeded the originally projected transfer amount of \$69 million due to lower prize payouts and increased sales due to the \$295 million PowerBall jackpot.

Where the Money Comes From

Table DC0-1 shows the source(s) of funding for D.C. Lottery and Charitable Games Control Board.

Table DC0-1

FY 2003 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change From FY 2002
Other	217,418	227,089	229,688	232,881	3,192
Gross Funds	217,418	227,089	229,688	232,881	3,192

How the Money is Allocated

Tables DC0-2 and 3 show the FY 2003 proposed budget and FTEs for the agency at the Comptroller Source Group level (Object Class level).

Table DC0-2

FY 2003 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change from FY 2002
Regular Pay - Cont Full Time	4,090	4,577	5,194	5,459	265
Regular Pay - Other	98	99	106	0	-106
Additional Gross Pay	266	200	183	183	0
Fringe Benefits - Curr Personnel	669	755	800	890	91
<i>Personal Services</i>	<i>5,123</i>	<i>5,631</i>	<i>6,284</i>	<i>6,533</i>	<i>249</i>
Supplies and Materials	55	70	116	198	82
Energy, Comm. and Bldg Rentals	24	10	32	32	0
Telephone, Telegraph, Telegram, Etc	1,133	1,509	1,285	1,314	29
Rentals - Land and Structures	1,311	1,230	1,482	1,519	37
Janitorial Services	0	0	5	0	-5
Other Services and Charges	12,382	12,799	15,649	16,591	942
Contractual Services - Other	3,086	3,239	5,122	4,611	-511
Subsidies and Transfers	193,984	201,232	198,950	201,301	2,351
Equipment & Equipment Rental	322	1,369	763	782	18
<i>Non-personal Services</i>	<i>212,295</i>	<i>221,458</i>	<i>223,405</i>	<i>226,348</i>	<i>2,943</i>
Total Proposed Operating Budget	217,418	227,089	229,688	232,881	3,192

Table DC0-3

FY 2003 Full-Time Equivalent Employment Levels

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change from FY 2002
Continuing full time	85.25	78	100	100	0
Term full time	2.25	1.5	0	0	0
Total FTEs	87.5	79.5	100	100	0

Other Funds

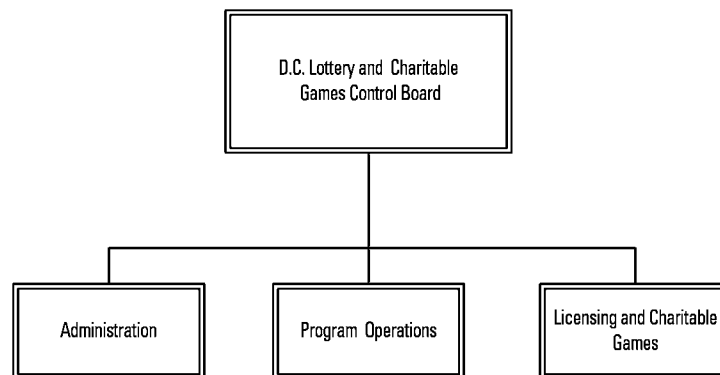
The proposed Other budget is \$232,880,557, an increase of \$3,192,141 or 1.4 percent over the FY 2002 approved budget of \$229,688,416. There are 100 FTEs funded by Other sources, which is unchanged from FY 2002. Significant changes over the FY 2002 approved budget are as follows:

- An increase of \$248,899 to properly align current positions based on the approved

District pay increase.

- An increase of \$2,943,242 due primarily to an increase of \$2,425,000 based on commission adjustments from 4.0 percent to 5.0 percent and an increase of \$581,000 for payment to the lottery contractor from 3.8 percent to 4.2 percent of sales.

Figure DC0-1

D.C. Lottery and Charitable Games Control Board**Programs**

The DCLB operates the following programs:

Administration

The Administration Division provides the management, staff and operating structure of all business, financial, regulatory, and gaming activities of all agency operations. This coordination is performed through various responsibility centers consisting of: the Office of the Executive Director; Human Resources; Legal Operations; Security; Procurement; Communications; Administration; Draw Operations; Marketing;

Trade Development; Management Information Systems; and Financial Services.

Key initiatives associated with the Administration program are to:

- Identify market segments that will guide game development, marketing strategies, and communications messages.
- Improve customer service by enhancing communication between the DCLB and the general public, its players and its agents.
- Protect the revenue stream through product penetration testing, the development of firewalls, and diligent security.

Program Operations

Program Operations reflects the development, design, distribution, and accounting for instant (scratch off), and on-line (draw) operations, ticket sales and prize payouts. There are numerous instant games, and new games are constantly developed and deployed. On-line operations consist of draw type games including: Lucky Numbers, D.C. Four, Quick Cash, Hot Five, PowerBall, and the development and deployment of the DCLB's Alpha Game, a new rapid draw game.

Licensing and Charitable Games

This division protects the integrity of charitable gaming within the District by licensing major charities to conduct bingo, raffles, and Monte Carlo nights to raise funds. These initiatives are accomplished with staff from the DCLB's Licensing Division.

Agency Goals and Performance Measures

Goal 1: Provide a dependable, uninterrupted source of revenues to the District's General Fund.

Citywide Strategic Priority Area: Making Government Work

Managers: Kevin Johnson, Vivien Cunningham, William Parson, Robert Hailey, James Jones, Ida Crosson, Claudia Booker, Carol Jackson Jones, Doris Brown, William Robinson, Melody Booker, Barry Robinson
Supervisor: Jeanette A. Michael, Deputy Director for Operations

Measure 1.1: Amount of money transferred to the District's General Fund (millions of dollars)

	Fiscal Year				
	2000	2001	2002	2003	2004
Target	69	69	68.25	68.6	73.1
Actual	69.5	84	-	-	-

Note: FY01 target adjusted from \$70 M to \$69 M. FY02 target adjusted from \$69 M to \$68.25 M. FY03 target adjusted from \$71.5 M to \$68.6 M. The FY 2001 estimated transfer amount, as submitted by the DCLB during the FY 2001 budget process, was \$70 million. As part of their review of FY 2001 revenue estimates the Office of Research and Analysis subsequently reduced the budgeted transfer amount to \$69 million. This adjustment was however, not reflected in the agency's performance measures for FY 2001. The FY 2002 estimated transfer amount, as submitted by the DCLB during the FY 2002 budget process, was \$69 million. As part of their review of FY 2002 revenue estimates, the Office of

Research and Analysis subsequently increased the budgeted transfer amount to \$70 million which is the FY 2002 Approved Budget transfer amount. The DCLB has submitted a request for budget modification to the Office of Research and Analysis that would increase expenditures by \$1.75 million and reduce the transfer to the General Fund to \$68.25 million. The requested increase in expenditures would address the added cost of increasing the commission paid to vendors from 4 percent to 5 percent (\$1.5 million), and increased personnel services costs reflecting the 4.0 percent salary increase granted by the Mayor (\$250,000). The Office of Research and Analysis has projected a DCLB transfer of \$71.5 to the District's General Fund for FY 2003. Based on current sales trends in conjunction with the anticipated game portfolio for FY 2003 the DCLB's FY 2003 budget submission reflects a budget transfer estimate of \$68.6 million for FY 2003.

Measure 1.2: Amount of commissions paid to agents (millions of dollars)

	Fiscal Year				
	2000	2001	2002	2003	2004
Target	13.2	12.5	14.4	15.2	16.6
Actual	12.3	11.6	-	-	-

Note: At request of agency (1/10/02), FY02 target adjusted from \$12.9 M to \$14.4 M. FY03 target adjusted from \$14.1 M to \$15.2 M. FY 2002 and FY 2003 estimates for agent commissions were previously \$12.9 million and \$14.1 million respectively, and were based on a commission level of 4 percent. However, in an effort to remain competitive with the commission paid to agents by neighboring jurisdictions, the DCLB has raised the agent commission to 5 percent beginning January 1 2002. This adjustment increases the amount of commissions paid to agents to \$14.4 million in FY 2002, and to \$15.2 million in FY 2003.

Measure 1.3: Amount paid out for lottery prizes (millions of dollars)

	Fiscal Year				
	2000	2001	2002	2003	2004
Target	123.8	113	117	117.5	121.9
Actual	115.5	105.6	-	-	-

Note: At request of agency (1/10/02), FY 2003 target adjusted from \$129.4 M to \$117.5 M. The Office of Research and Analysis had estimated FY 2003 revenue to be \$129.4 million. However, based on current trends, the DCLB's current game portfolio, and the anticipated launch date for new games, the DCLB's FY 2003 budget request is based on sales of \$117.5 million for FY 2003.

Measure 1.4: Number of agent newsletters published

	Fiscal Year				
	2000	2001	2002	2003	2004
Target	1	4	4	4	4
Actual	1	4	-	-	-